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FULL ASSOCIATED PRESS TELEGRAMS. ALL THE NEWS OF THE WORLD.

THE WEATHER.

Forecast for Virginia: Fair, followed by cloudy weather, southerly winds.

THE PRESIDENT'S MESSAGE

He Adheres Firmly to the Monroe Doctrine

In the Dispute Between Great Britain and Venezuela and Pays Considerable Attention to Foreign Matters—The Bulk of the Document, However, Relates to the Finances—He Urges the Retirement of Greenbacks and Silver Notes and the Issue of Long Term Low Interest Bonds in Lieu Thereof, With Increased Circulation of Bank Notes to Meet Any Lack of Currency.

WASHINGTON, Dec. 3.—The President sent his message to Congress to-day. He alludes first to the fact that the present assembling of the legislative branch of the government occurs at a time when the interests of the people and the needs of the country give especial prominence to the condition of our foreign relations and the exigencies of national finances, and says, as the heads of the several administrative departments fully and plainly exhibit what has been accomplished within the scope of their respective duties, with such recommendations for the betterment of the country's condition as patriotic and intelligent labor and observation suggests, he therefore deems it his executive duty adequately performed at this time by presenting to Congress the phases of the national situation as related to the first mentioned questions, viz: Foreign affairs and the financial problems confronting us.

Foreign Affairs.

After reviewing the late war between China and Japan and congratulating the latter as the most enlightened nation upon her success at the end of the fight, the President says the cordial relations heretofore existing between France and the United States have been undisturbed, except in regard to the treatment of ex-Consul J. L. Waller by the expeditionary military authorities of France in Managascar. He tells how Waller remained in Madagascar and was tried and convicted by a court-martial for furnishing information to the enemies of France. This government asked for the records in the case and was furnished all but the evidence, which has thus far been withheld; but it is believed that a satisfactory solution will be reached. He then alludes to the desire of the French chamber to conclude a permanent treaty of arbitration with this government, and also to the fact that the United States have been invited to participate in the Paris exposition of 1900, which invitation he heartily recommends the acceptance of. In regard to Germany and the United States, the President congratulates both countries on the amicable relations existing between them.

Great Britain.

In regard to our relations with Great Britain reference is made to the Behring sea matter. He refers to the difficulties in the way of carrying out the decisions of the Paris arbitration tribunal, and says a more effective patrol of Behring sea is necessary to prevent the complete destruction of seals. The necessity of this has been urged on Great Britain, but so far without effective results. In regard to the payment of Canadian sealers for losses from seizure by American vessels, he urges prompt action by Congress, and says a treaty providing for the adjustments of of these claims will soon be laid before the Senate.

He then touches upon the international law to prevent collisions at sea, the Passamaquoddy bay boundry commission, and the Alaskan boundry commission, and in regard to the latter recommends that the jurisdictional limits of our county and England be speedily settled.

The Venezuelan Question.

As to the boundary dispute between Great Britain and Venezuela, the President says in July last our ambassador at London was instructed to communicate to the British government that this Government, in accordance with it traditional policy, is firmly opposed to the forcible increase by any European power of its possessions on this continent, a policy well founded on principle, and supported by numerous precedents; that as a consequence the United States is bound to protest against the enlargement of the area of British Guiana in derogation of the rights and against the will of Venezuela; that, considering the disparity of strength between the countries, the dispute can only reasonably be settled by friendly and impartial arbitration, which should include the whole controversy, and that the United States will not be satisfied for one of the powers to draw an arbitrary line through the territory in debate.

In reply to this the British government said it would submit to arbitration of only a certain portion of the question. The United States thereupon wanted to known whether the British government would or would not submit the entire controversy to arbitration. A reply has not yet been received, but one is soon expected. The British trouble with Nicaragua and the occupation of Corinto by English forces is alluded to as well as the gratitude of Nicaragua to the United States for bringing about a settlement.

Russia.

As regards Russia the United States will be represented at the coronation of the emperor in May next. This government has remonstrated against the discrimination of Russian consuls in the authentication of passports against Jews who have emigrated from that country to others and the matter will probably be settled satisfactorily.

Cuba.

In regard to the insurrection in Cuba the President says this country will endeavor to fullfil its treaty obligations to Spain, and he advises the people here, whatever their sympathies, not to embarrass the Government by public demonstrations hostile to Spain.

Turkey.

The President alludes to recent disturbances in Turkey, and says this Government is doing everthing possible to protect the lives and property of Americans in the Ottoman Empire. The attempt of the United States consul at Sivas to attend the investigation of Armenian outrages was not an effort to interfere in political matters, but solely to have an accurate knowledge of the conditions surrounding those persons entitled to the protection of the United States Government.

The Financial Situation.

As we turn from a review of our foreign relations to the contemplation of our national financial situation, we are immediately aware that we approach a subject of a domestic concern more important than any other that can engage our attention, and one at present in such a perplexing and delicate predicament as to require prompt and wise treatment.

We may well be encouraged to earnest effort in this direction when we recall the steps already taken toward improving our economic and financial situation, and when we appreciate how well the way has been prepared for further progress by an aroused and intelligent popular interest in these subjects.

By command of the people a custom's revenue system, designed for the protection and benefit of favored classes at the expense of the great mass of our countrymen and which, while inefficient for the purpose of revenue, curtailed our trade relations and impeded our entrance to the markets of the world, has been superseded by a tariff policy which, in principle is based upon a denial of the right of the government to obstruct the avenues to our people's cheap living or lessen their comfort and contentment for the sake of according especial advantages to favorites and which, while encouraging our intercourse and trade with other nations, recognizes the fact that American self-reliance, thrift and ingenuity can build up our country's industries and develop its resources more surely than enervating paternalism.

The compulsory purchase and coinage of silver by the government unchecked and unregulated by business conditions, and heedless of our currency needs, which for more than fifteen years diluted our circulating medium, undermined confidence abroad in our financial ability, and at last culminated in distress and panic at home, has been recently stopped by the repeal of the laws which forced this reckless scheme upon the country. The things thus accomplished, notwithstanding their extreme importance and beneficent effects, fall far short of curing the monetary evils from which we suffer as a result of long indulgence in ill-advised financial expedients.

The currency, denominated United States notes and commonly known as greenbacks, was issued in large volumes during the late civil war and was intended originally to meet the exigencies of that period. It will be seen by a reference to the debates in Congress at the time the laws were passed authorizing the issue of these notes that their advocates declared they were intended for only temporary use and to meet the emergency of war. In almost if not all the laws relating to them some provision was made contemplating their voluntary or compulsory retirement. A large quantity of them, however, were kept afloat and mingled with the currency of the country, so that at the close of the year 1874 they amounted to $381,999,073.

Immediately after that date, and in January, 1875, a law was passed providing for the resumption of specie payments, by which the Secretary of the Treasury was required, whenever additional circulation was issued to national banks to retire United States notes equal in amount to 80 per cent. of suck additional national bank circulation until such notes were reduced to $300,000,000.

This law further provided that on and after January 1, 1879, the United States notes then outstanding should be redeemed in coin, and in order to provide and prepare for such redemption the Secretary of the Treasury was authorized not only to use any surplus revenue of the Government but to issue bonds of the United States and dispose of them for coin and to use the proceeds for the purposes contemplated by the statute. In May, 1878, and before the date thus appointed for the redemption and retirement of these notes another statute was passed forbidding their further cancellation and retirement. Some of them had, however, been previously redeemed and cancelled upon the issue of additional national bank circulation, as permitted by the law of 1875, so that the amount outstanding at the time of the passage of the act forbidding their further retirement was $346,681,016.

The law of 1878 did not stop at distinct prohibition, but contained in addition the following express provision: "And when any of said notes may be redeemed or be received into the treasury under any law, from any source whatever, and shall belong to the United States, they shall not be retired, cancelled, or destroyed, but shall be reissued and paid out again and kept in circulation."

This was the condition of affairs on the first day of January, 1879, which had been fixed upon four years before as the date for entering upon the redemption and retirement of all these notes and for which such abundant means had been provided.

The Government was put in the anomalous situation of owing to the holders of its notes debts payable in gold on demand, which could neither be retired by receiving such notes in discharge of obligations due the Government nor cancelled by actual payments in gold. It was forced to redeem without redemption and to pay without acquittance. There had been issued and sold $95,000,000 of the bonds authorized by the resumption act of 1875, the proceeds of which, together with other gold in the Treasury, created a gold fund deemed sufficient to meet the demands which might be made upon it for the redemption of the outstanding United States notes.

This fund together with such other gold as might be from time to time in the Treasury available for the same purpose has been since called our gold reserve, and $100,000,000 has been regarded as an adequate amount to accomplish its object. This fund amounted on the 1st day of January, 1879, to $114,193,360, and though thereafter constantly fluctuating it did not fall below that sum until July, 1892. In April, 1893, for the first time since its establishment, this reserve amounted to less than $100,000,000, containing at that date only $97,011,330. In the meantime and in July, 1890, an act had been passed directing larger governmental monthly purchases of silver than had been required under previous laws and providing that in payment for such silver treasury notes of the United States should be issued payable on demand in gold or silver coin at the discretion of the Secretary of the Treasury.

It was, however, declared in the act to be "the established policy of the United States to maintain the two metals on a parity with each other upon the present legal ratio, or such ratio as may be provided by law." In view of this declaration it was not deemed permissable for the Secretary of the Treasury to exercise the discretion in terms conferred on him by refusing to pay gold on these notes when demanded, because by such discrimination in favor of the gold dollar the so-called parity of the two metals would be destroyed, and grave and dangerous consequences would be precipitated by affirming or accentuating the constant disparity between their actual values under the existing ratio. It thus resulted that the Treasury notes issued in payment of silver purchases under the law of 1890 were necessarily treated as gold obligations at the option of the holder.

These notes, on the 1st day of November, 1893, when the law compelling the monthly purchase of silver was repealed amounted to more than $155,000,000. The notes of this description are now outstanding, added to the liabilities United States, still undiminished by redemption or cancellation, constitute a volume of gold obligations amounting to nearly $500,000,000. These obligations are the instruments which, ever since we have had a gold reserve, have been used to deplete it. This reserve, as has been stated, has fallen in April, 1893, to $97,011,330. It has from that time to the present, with very few and unimportant upward movements, steadily decreased, except as it has been temporarily replenished by the sale of bonds.

Fault of the McKinley Tariff.

Among the causes for constant and uniform shrinkage in this fund may be mentioned the great falling off of exports under the operation of the tariff law until recently in force, which crippled our exchange of commodities with foreign nations and necessitated to some extent the payment of our balances in gold; the unnatural infusion of silver into our currency and the increasing agitation for its free and unlimited coinage, which has created apprehension as to our disposition or ability to continue gold payments; the consequent hoarding of gold at home and the stoppage of investments of foreign capital as well as the return of our securities already sold abroad, and the high rate of foreign exchange which induced the shipment of our gold to be drawn against, as a matter of speculation.

In consequence of these conditions the gold reserve on the 1st day of February, 1894, was reduced to $65,438,377, having lost more than $31,000,000 during the preceding nine months, or since April, 1893.

The Bond Issue.

Its replenishments being necessary and no other manner of accomplishing it being possible, resort was had to the issue and sale of bonds provided for by the resumption act of 1875. Fifty millions of these bonds were sold, yielding $58,633,295.71, which was added to the reserve fund of gold then on hand. As a result of this operation this reserve, which had suffered constant and large withdrawals in the meantime, stood on the 6th day of march, 1894, at the sum of $107,446,802. Its depletion was, however, immediately thereafter so accelerated that on the 30th day of June, 1894, it had fallen to $64,873,025, thus losing by withdrawals more than $42,000,000 in five months and dropping slightly below its situation, when the sale of $50,000,000 in bonds was effected for its replenishment.

This depressed condition grew worse and on the 24th day of November, 1894, our gold reserve was reduced to $57,669,701, and it became necessary to again strengthen it. This was done by another sale of bonds, amounting to $50,000,000, from which there was realized $58,538,500, with which the fund was increased to $111,142,021 on the 4th day of December, 1894.

Again disappointment awaited the anxious hope for relief. There was not even a lull in the exasperating withdrawals of gold. On the contrary they grew larger and larger and more persistant than ever. Between the 4th day of December, 1894, and early in February, 1895, a period of scarcely more than two months after the second reinforcement of our gold reserve by the sale of bonds, it had cost by such withdrawals more than $69,000,000 and had fallen to $41,340,181. Nearly $43,000,000 had been withdrawn with the month immediately preceding this situation.

In anticipation of impending trouble I had on the 28th day of January, 1895, addressed a communication to the Congress fully setting forth our difficulties and dangerous position and earnestly recommending that authority be given the Secretary of the Treasury to issue bonds bearing a low rate of interest, payable by their terms in gold, for purpose of maintaining a sufficient gold reserve and also for the redemption and cancellation of outstanding United States notes and the Treasury notes issued for the purchase of silver under the law of 1890. This recommendation did not, however, meet with approval.

The Situation Critical.

In February, 1895, therefore, the situation was exceedingly critical. With a reserve perilously low and a refusal of Congressional aid, everything indicated that the end of gold payments by the Government was imminent. The results of prior bond issues had been exceedingly unsatisfactory and the large withdrawals of gold immediately succeeding their public sale in open market gave rise to a reasonable suspicion that a large part of the gold paid into the Treasury upon such sales was promptly drawn out again by the presentation of United States notes or Treasury notes and found its way to the hands of those who had only temporarily parted with it in the purchase of bonds.

In the emergency and in view of surrounding perplexities, it became entirely apparent to those upon whom the struggle for safety was devolved not only that our gold reserve must for the third time in less than thirteen months be restored by another issue and sale of bonds bearing a high rate of interest and badly suited to the purpose, but that a plan must be adopted for their disposition, promising better results than those realized on previous sales.

An agreement was therefore made with a number of financiers and bankers, whereby it was stipulated that bonds described in the resumption act of 1875, payable in coin thirty years from their date, bearing interest at the rate of 4 per cent. per annum, and amounting to about $62,000,000, should be exchanged for gold receivable by weight, amounting to a little more than $65,000,000. This gold was to be delivered in such instalments as would complete its delivery within about six months from the date of the contract and at least one-half of the amount was to be furnished from abroad. It was also agreed by those supplying this gold that during the continuance of the contract they would by every means in their power protect the Government against withdrawals.

The contract also provided that if Congress would authorize their issue bonds payable by their terms in gold and bearing interest at the rate of three per cent. per annum might within ten days be substituted at par for the four per cent. bonds described in the agreement. On the day this contract was made its terms were communicated to Congress by a special executive message, and it was stated that more than $16,000,000 would be saved to the Government if gold bonds bearing three per cent. interest were authorized to be substituted for those mentioned in the contract.

The Congress having declined to grant the necessary authority to secure this saving, the contract unmodified was carried out, resulting in a gold reserve amounting to $107,572,230 on the 8th day of July, 1895. The performance of this contract not only restored the reserve, but checked for a time the withdrawals of gold and brought on a period of restored confidence, such peace and quiet in business circles as were of the greatest possible value to every interest that affects our people. I have never had the slightest misgiving concerning the wisdom or propriety of this arrangement and am quite willing to answer for my full share of responsibility for its promotion. I believe it averted a disaster, the imminence of which was fortunately not at the time generally understood by our people. Though the contract mentioned stayed for a time the tide of gold withdrawals, its good results could not be permanent. Recent withdrawals have reduced the reserve from $107,571,230 on the 8th day of July, 1895, to $79,333,966.

How long it will remain large enough to render its increase unnecessary is only a matter of conjecture, though quite large withdrawals for shipment in the immediate future are predicted in well informed quarters. About $16,000,000 has been withdrawn during the month of November. The foregoing statement of events and conditions and facts show that by an indebtedness of more than $162,000,000 to save our gold reserve, we are nearly where we started, having now in such reserve $79,333,966 as against $65,438,377 in February, 1894, when the first bonds were issued.

Though the amount of gold withdrawn from the Treasury appears to be very large, as gathered from the facts and figures herein presented, it actually was much larger, considerable sums having been acquired by the Treasury within the several periods stated without the issue of bonds. On January 28, 1895, it was reported by the Secretary of the Treasury that more than $170,000,000 of gold had been withdrawn for hoarding or shipment during the year preceding. He now reports that from January 1, 1879, to July 14, 1890, a period of more than eleven years, only a little over $28,000,000 was withdrawn, and that between July 14, 1890, the date of the passage of the law for an increased purchase of silver, and December 1, 1895, or within less than five and a half years, there was withdrawn nearly $375,000,000, making a total of more than $403,000,000 drawn from the Treasury in gold since January 1, 1879, the date fixed in 1875 for the retirement of the United States notes.

Nearly $327,000,000 of the gold thus withdrawn has been paid out on these United States notes and every one of the $146,000,000 is still uncancelled and ready to do service again in future gold depletions. More than $76,000,000 in gold has, since their creation in 1890, been paid out from the Treasury upon the notes given on the purchase of silver by the Government, and yet the whole, amounting to $155,000,000, except a little more than $16,000,000, which have been retired by exchanges for silver at the request of the holders, remains withstanding and prepared to join the older and more experienced allies in future raids upon the Treasury gold reserve. In other words the Government has paid in gold more than nine-tenths of its United States notes and still owes them all. It has paid in gold about one-half of its notes given for silver purchases without extinguishing by such payment one dollar of these notes.

When added to all this we are reminded that to carry on this astounding financial scheme the Government has incurred a bonded indebtedness of $95,500,000 in establishing a gold reserve, and of $162,315,400 in efforts to maintain it that the annual interest charge on this indebtedness is more than $100,000,000 a situation is exhibited which certainly ought to arrest attention and provoke immediate legislative relief.

Remedy Suggested.

I am convinced that the only thorough and practicable remedy for our troubles is found in the retirement and cancellation of our United States notes, commonly called greenbacks, and the outstanding Treasury notes issued by the Government in payment of silver purchases under the act of 1890.

I believe this could be quite readily accomplished by the exchange of these notes for United States bonds of small as well as large denominations, bearing a low rate of interest. They should be long term bonds, thus increasing their desirability as investments and because their payment could be well postponed to a period far removed from present financial burdens and perplexities, when with increased prosperity and resources they would be more easily met. To further insure the calculation and also provide a way by which gold may be added to our currency in lieu of them, a feature of the plan should be an authority given to the Secretary of the Treasury to dispose of the bonds abroad for gold if necessary to complete the contemplated redemption and cancellation, permitting him to use the proceeds of such bonds to take up and cancel any of the notes that may be in the Treasury or that may be received by the Government on any account.

The increase of our bonded debt involved in this plan would be simply compensated by renewed activity and enterprise in all business circles, the restored confidence at home, the reinstated faith of our monetary strength abroad and the stimulation of every interest and industry that would follow the cancellation of the gold-demand obligations now affecting us. In any event the bonds proposed would stand for the extinguishment of a troublesome indebtedness, while in the path we now follow there lurks the menace of unending bonds with our indebtedness still undischarged and aggravated in every feature. The obligations necessary to fund this indebtedness would not equal in amount those from which we have been relieved since 1884 and payment beyond the requirements of the sinking fund out of our surplus revenues.

The currency withdrawn by the requirement of the United States and Treasury notes, amounting to probably less than $486,000,000, might be supplied by such gold as would be used on their retirement or by an increase in their circulation of our national banks. Though the aggregate capital of those now in existence amounts to more than $664,000,000, the outstanding circulation based on bond security amounts to only about $190,000,000. They are authorized to issue notes amounting to ninety per cent. of the bonds deposited to secure their circulation, but in no event beyond amount of their capital stock and they are obliged to pay one per cent. tax on the circulation they issue.

The National Banks.

I think they should be allowed to issue circulation to the amount of the bonds they deposit to secure it, and that the tax on their circulation should be reduced to one-fourth of 1 per cent., which would undoubtedly meet all the expense the Government incurs on their account. In addition they should be allowed to substitute or deposit in lieu of the bonds now deposited as security for their circulation, those which would be issued for the purpose of retiring the United States treasury notes. The banks already existing on the gold, who desired to avail themselves of the provisions of law thus modified, could issue circulation in addition to that already outstanding, amounting to $478,000,000, which would nearly or quite equal the currency proposed to be cancelled. At any rate I should confidently expect to see the existing national banks or others organized avail themselves of the proposed encouragement to issue circulation and promptly fill any vacuum and supply every currency need.

Favors Small Banks.

It has always seemed to me that the provisions of law regarding the capital of national banks which operate as a limitation to their location fails to make proper compensation for the suppression of State banks which came near to the people in all sections of the country and really furnish them with banking accommodations and facilities. Any inconvenience or embarrassment from these restrictions in the location of national banks might well be remedied by better adapting the present system to the creation of banks in smaller communities or by permitting banks of large capital to establish branches in such localities as would serve the people, so regulated and restrained as to secure their safe and conservative control and management. But there might not be the necessity for such an addition to the currency by new issues of bank circulation, as at first glance is indicated, if we would be relieved from maintaining a gold reserve under conditions that constitute it the barometer of our solvency and if our Treasury should no longer

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